



## ASX RELEASE

20 October 2010

### OUTSTANDING DRILL INTERCEPT FROM BATTLER

**17m @ 9.9 g/t Au**

- Strong gold mineralisation at the Battler Deposit confirmed
- Broad intercept of **17m @ 9.9 g/t Au**
- Includes **9.4m @ 14.4 g/t Au**

Southern Cross Goldfields Limited (SXG) is pleased to announce results from a single diamond drill hole at Battler which confirms the strength of mineralisation in the Battler Splay zone. The hole was drilled to provide core for bulk density determinations and geotechnical work required for resource estimation and scoping studies. This is the first diamond drill hole into Battler and confirms the tenor of mineralisation returned in previous RC drilling.

Hole BGDD001 returned 9.4m @ 14.4 g/t Au and 2.5m @ 12.2 g/t Au from the Battler Splay Zone, the dominant mineralised position in the deposit (Table of Intersections). The hole also returned 0.3m @ 7.0 g/t Au from the Battler Lode position (Figure 1). These intercepts correlate with previously reported intercepts from holes BGRC104 and BGRC112 (SXG releases 17/10/2008 and 20/1/2010; Figure 1).

The gold intercepts at depth have potential to demonstrate sufficient grade and tenor to support both an open cut and supplementary underground mining operation.

An updated resource estimate was announced by SXG on 18/10/10. That resource update did not include this latest intersection. Pit shell optimisations are now being conducted on the new resource model under a number of production scenarios. Options for toll treatment, joint venture or other arrangements are being pursued in the event that the pit shell optimisations are positive.

The Battler deposit is one of a string of near surface gold deposits owned by SXG in the Southern Cross region (Figure 2). A more detailed and comprehensive update on the status and project development work being undertaken on these deposits, including the Dulcie laterite project, will be provided to the market by SXG in the coming weeks.

Table of Intersections – BGDD001 October 2010

Hole ID	Depth	Grid	East	North		From (m)	To (m)	Interval (m)	Grade g/t Au
BGDD001	114.8	MGA94_50	727394	6529527		65.9	66.2	<b>0.3</b>	<b>7.0</b>
						87.6	104.6	<b>17</b>	<b>9.9</b>
					incl	87.6	97.0	<b>9.4</b>	<b>14.4</b>
					incl	96	97	<b>1</b>	<b>76.9</b>
					and	102.1	104.6	<b>2.5</b>	<b>12.2</b>

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**Notes to accompany assay table:**

Collar co-ordinates in MGA94, Zone 50; local north rotated 35° anti-clockwise from true north.  
All holes drilled at -60° toward local grid west (235°T).  
Diamond drilling is NQ diameter and samples are cut half core to geological boundaries  
All core samples assayed by 40g fire assay at Ultratrace laboratories, Perth  
Collar location accurate to 2 metres: all holes surveyed down hole  
Intersections calculated at 0.5 g/t Au cutoff and maximum 3m internal waste

- ENDS

**For further details, please contact**

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## **JORC COMPLIANCE STATEMENT**

The information in the report to which this statement is attached that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Richard Simmons who is a Member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Richard Simmons is a full time employee of Southern Cross Goldfields Limited. Richard Simmons has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Richard Simmons consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Battler resource estimate described in this report was completed by independent consultant Mr Dean Fredericksen of Fredericksen Geological Solutions based on resource drilling data sets provided by SXG. Mr Fredericksen is a Member of The Australasian Institute of Mining and Metallurgy and qualifies as a Competent Person in respect of the 2004 JORC code by virtue of having sufficient experience which is relevant to the style of mineralisation and deposit types being estimated. Both Messrs. Simmons and Fredericksen have consented to the inclusion of this information in the form and context in which it appears in this report.

The geological information in this report relating to Exploration Results and Mineral Resources other than the Battler Resource has been compiled by Mr. Antony Truelove who is a director of Southern Cross Goldfields and a Member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person in respect of the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Truelove consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates mineral resource estimation of the Dulcie deposit is based on work completed by Mr Jonathon Abbott who is a full time employee of Hellman and Schofield Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Mr Abbott has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to mineral resource estimation of the King Brown, Golden Orb, British Hill, Python, Dolly Pot, Dugite, Goldstream and Mount King deposits is based on work completed by Mr Nic Johnson who is a full time employee of Hellman and Schofield Pty Ltd and a member of the Australian Institute of Geoscientists. Mr Johnson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Johnson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

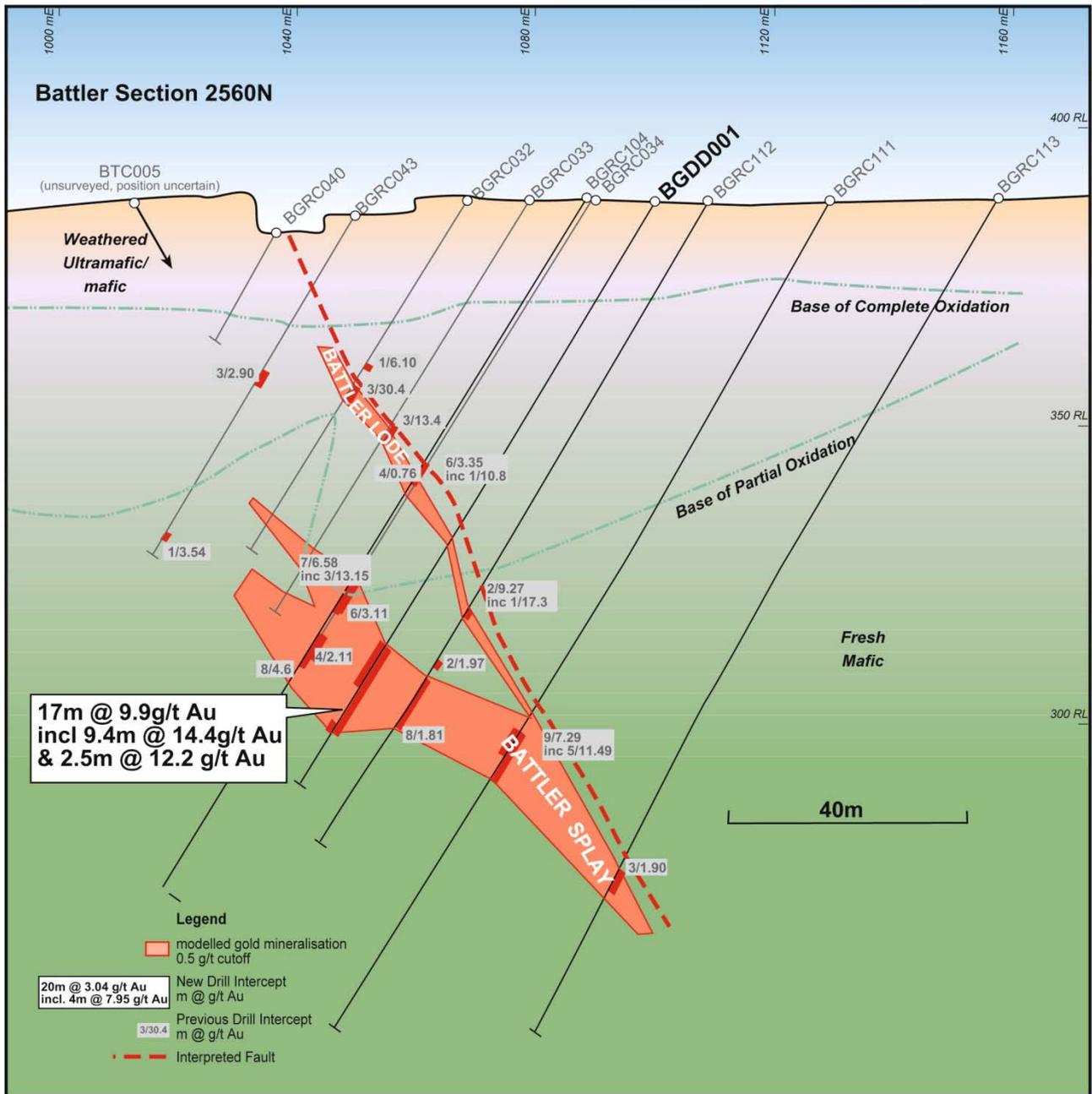


Figure 1 – Battler Cross Section

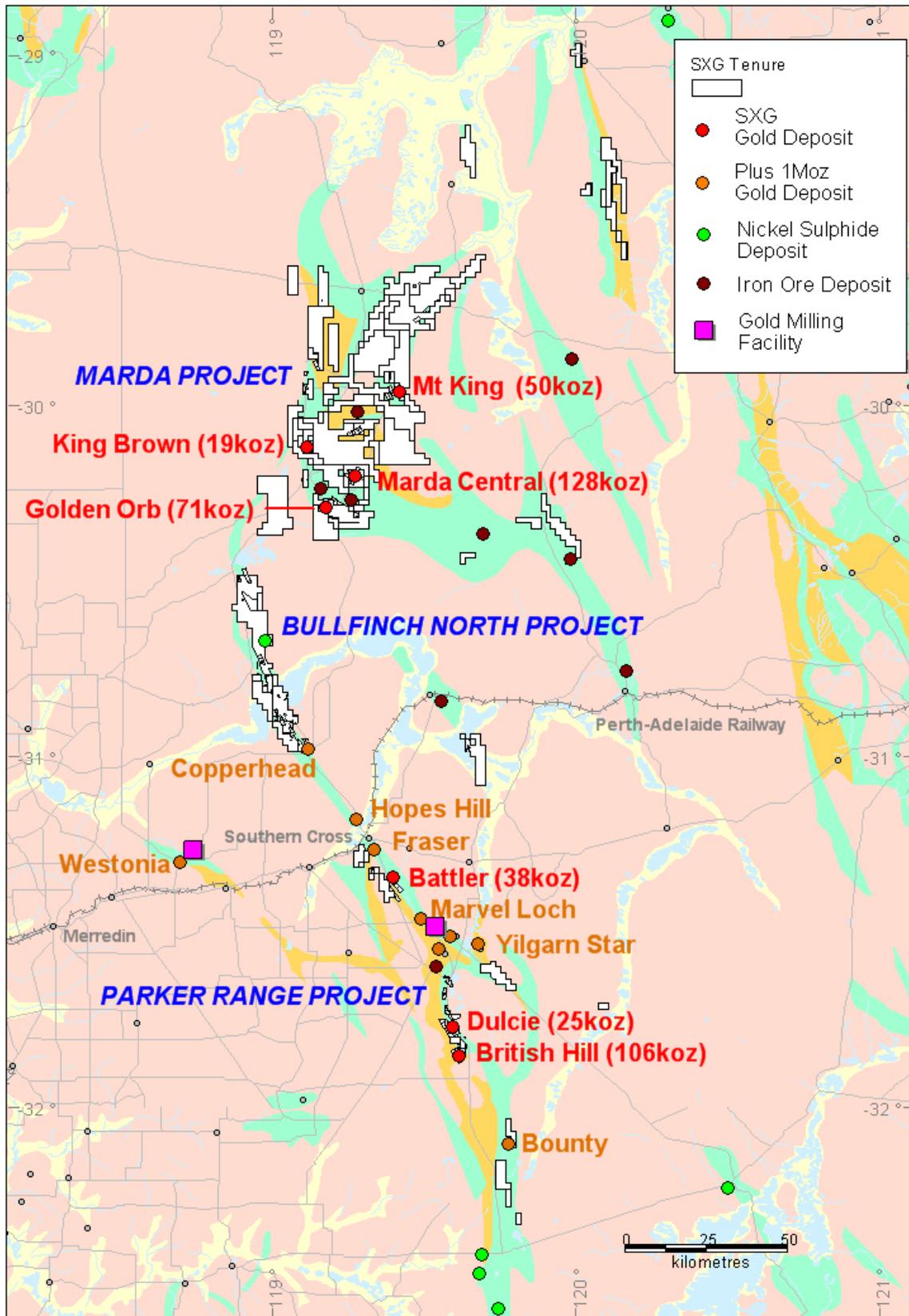


Figure 2 – Location Map

## SXG Mineral Resource Estimate

Project	Deposit	Measured			Indicated			Inferred			Total		
		Tonnes	Grade g/t	Ounces	Tonnes	Grade g/t	Ounces	Tonnes	Grade g/t	Ounces	Tonnes	Grade g/t	Ounces
Jackson Trend	King Brown				176,000	3.0	17,000	25,000	2.2	2,000	201,000	2.9	19,000
	Golden Orb							1,023,000	2.2	71,000	1,023,000	2.2	71,000
Parker Range	British Hill				1,166,000	1.9	71,000	557,000	1.9	35,000	1,724,000	1.9	106,000
	Battler				432,000	2.4	33,400	72,000	1.8	4,100	504,000	2.3	37,500
	Dulcie				1,020,000	0.7	22,300	100,000	0.7	2,300	1,120,000	0.7	24,600
<b>TOTAL SXG</b>				<b>2,794,000</b>	<b>1.6</b>	<b>143,700</b>	<b>1,777,000</b>	<b>2.0</b>	<b>114,400</b>	<b>4,572,000</b>	<b>1.8</b>	<b>258,100</b>	
Marda	Python	502,000	2.0	32,000	241,000	1.8	14,000	117,000	1.7	6,000	859,000	1.9	52,000
	Dolly Pot	488,000	1.9	29,000	178,000	1.6	9,000	85,000	1.5	4,000	751,000	1.8	43,000
	Dugite	196,000	2.1	13,000	82,000	1.7	5,000	20,000	1.6	1,000	298,000	2.0	19,000
	Goldstream	200,000	1.9	12,000	26,000	1.6	1,000	7,000	1.6	1,000	233,000	1.9	14,000
Die Hardy	Mt King							523,000	3.0	50,000	523,000	3.0	50,000
<b>TOTAL CP</b>		<b>1,386,000</b>	<b>2.0</b>	<b>87,000</b>	<b>527,000</b>	<b>1.7</b>	<b>29,000</b>	<b>752,000</b>	<b>2.6</b>	<b>62,000</b>	<b>2,664,000</b>	<b>2.1</b>	<b>178,000</b>
<b>Total</b>		<b>1,386,000</b>	<b>2.0</b>	<b>87,000</b>	<b>3,321,000</b>	<b>1.6</b>	<b>172,700</b>	<b>2,529,000</b>	<b>2.2</b>	<b>176,400</b>	<b>7,236,000</b>	<b>1.9</b>	<b>436,100</b>

### Notes to Accompany Mineral Resource Estimate table:

- Numbers may not add due to rounding
- Resource models except for Battler, were constructed within the GS3 software, a proprietary resource modelling software developed by Hellman and Schofield.
- The resource model for Battler was constructed within the Minesite software.
- The Dulcie resource was estimated using Ordinary Kriging within a wireframe of laterite using 20m by 20m by 1m blocks. The resources for all other deposits are estimates of recoverable tonnes and grades using Multiple Indicator Kriging with block support correction into model blocks customised to the average drill hole spacing for each deposit and assuming smallest mining unit for ore selection in mine grade control of 3 metres (across the general strike of mineralisation) by 5 metres (along strike) by 2.5 metres (elevation).
- Gold estimation and model blocks were constrained within either geologically derived or grade based wireframes.
- Resource assaying data sets derived from all available reverse circulation and diamond drill sampling. No RAB drilling or trenching assays have been used in the estimates.
- Geology has been used to constrain mineralisation as appropriate.
- Weathering domains have been used to constrain mineralisation where appropriate.
- Data density varies and is reflected in the resource category which has been applied. All measured resources have a drill-hole density of approximately 12.5m x 12.5m. All indicated resources except Dulcie and Battler have a drill-hole density of approximately 25m x 25m. Dulcie has a drill density of 40m x 40m. Battler has a drill density of 20m x 12.5m. Inferred resources have variable density but always less than 50m x 50m except for Mt King which has variable drill-hole spacing between 25m and 100m.
- Assays are generally fire assay, with limited atomic absorption spectroscopy (AAS) assays in the weathered zone.
- All drill-hole collars are surveyed by GPS. Down hole surveys are limited, except at British Hill, where most drill-holes are surveyed.
- A lower cut-off of 0.5g/t Au has been used except at Dulcie where a lower cut-off of 0.4g/t Au has been used.
- CP resources are subject to a purchase agreement which is subject to shareholder approval and has not yet been completed.